HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 109 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, May 8, 2018

Chair

The Honourable Mark Eyking

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● (0845)

[*English*]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning, everyone.

Thank you, folks, for coming.

As our witnesses know, our committee did quite a cross-country tour and study on the original TPP. It was very thorough. We had a lot of witnesses, and we had a lot of comments from stakeholders, the community, and Canadian citizens.

Of course, there's a new potential agreement. It's called the CPTPP. What our committee was requesting—and we're glad that you came in—was a snapshot of the differences from one to the other.

We don't have any set time.

Mr. Christie, you're the head person here. The floor is yours, in whatever way you want to deal with it. When you are finished, we'll open it up for a dialogue with the MPs, and feel free to jump in. We're not going to be too strict on time here today. We're mainly getting information back and forth.

Excuse me, does anybody see the Conservatives?

Mr. Christie, I'm going to have to wait a few minutes for them, because they would want to hear your presentation.

On another note, members know that we're not going to be having a meeting on Thursday.

Our Washington trip is coming together. We have quite a few people who are going to be seeing us. The ways and means committee has not totally confirmed yet, but we have a good slate.

Everyone has their plane tickets booked, I guess.

The Clerk of the Committee (Ms. Christine Lafrance): Almost.

The Chair: It's coming together.

I think we're going to have to suspend for two minutes.

● _____ (Pause) _____ ●

● (0850)

The Chair: We're back in business here. The Conservatives have landed. That's good.

We've already had our introductions.

Mr. Christie, you have the floor. Go ahead.

Mr. Bruce Christie (Associate Assistant Deputy Minister, Trade Policy and Negotiations and Lead Negotiator of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair.

I do have a prepared statement to give to today to kick off our discussion.

I'd like to start by thanking you for inviting me and my colleagues to join you today to update this committee on the recently signed trade agreement, the comprehensive and progressive agreement for trans-Pacific partnership, otherwise known as the CPTPP.

My role is the Associate Assistant Deputy Minister for Trade Policy and Negotiations at Global Affairs Canada. I also served as the chief negotiator for Canada through the CPTPP negotiations, but not in the original TPP negotiations. As you may recall, I met with you earlier this year when Minister Champagne appeared before this committee to discuss the agreement. I'm certainly pleased to be here again with you today.

Before I go any further, let me start by introducing my colleagues who are joining me today. My colleagues are negotiating leads in some the key areas of the CPTPP. Kendal Hembroff is Director of Trade Policy and Negotiations for Asia in Global Affairs Canada. Next is Pierre Bouchard, Director of Bilateral and Regional Labour Affairs at Employment and Social Development Canada. We also have Garth Ehrhardt, who is Deputy Director responsible for goods and market access negotiations at Global Affairs; Julie Boisvert, who is Deputy Director responsible for investment at Global Affairs Canada; and David Norris, who is one of our Senior Trade Policy Officers in the Intellectual Property Division at Global Affairs Canada.

By way of background, let me start by providing you with a brief overview of the CPTPP as well as the key differences between this agreement and the original TPP. The CPTPP is a new international treaty separate from the TPP. Discussions regarding the possibility of this new agreement began shortly after President Trump announced that the United States would not ratify the agreement. That announcement was made back in January 2017.

As a next step, Chile hosted a high-level meeting in March of that year to begin discussions on possible future plans for the TPP subsequent to the U.S. withdrawal. Then Canada hosted the first meeting of senior officials in May of that year in Toronto, where we brought together the senior officials from all countries to discuss whether it was possible to move forward.

Then later that month, in May, on the margins of an APEC trade ministerial meeting, ministers tasked us officials to explore options to move ahead with an agreement without the United States being part of it. Following a number of senior officials' negotiating sessions, including reaching agreement of the core elements of the CPTPP in November 2017, a new agreement was concluded on January 23 of this year in Tokyo.

The new agreement covers virtually all aspects of trade among the parties. It addresses a range of issues with the ultimate goal of facilitating trade in the region. This CPTPP comprises a market of 495 million people. It represents 13.5% of global GDP.

● (0855)

[*Translation*]

Since November 4, 2015, the Government of Canada has undertaken extensive consultations on the TPP.

And in the fall of last year, the government renewed these consultations by seeking the views of Canadians on a potential new agreement with the remaining TPP members.

Through these consultations, we have heard that the Canadian business community generally views the TPP, and now the CPTPP, as an important opportunity to diversify Canada's trade and expand access for Canadian exporters and investors in Asia-Pacific markets.

At the same time, some concerns were expressed by Canadians regarding certain provisions pertaining to intellectual property, investor-state dispute settlement, culture, the auto industry and supply management.

The feedback that the government received from our consultations formed the basis of Canada's approach in negotiating the CPTPP, where we achieved excellent results for Canadians in response to many of their concerns.

[*English*]

The CPTPP incorporates by reference the provisions of the TPP, except for a limited number of operational provisions. The CPTPP also suspends a total of 22 provisions contained in the TPP that CPTPP parties have agreed not to bring into force with this agreement. This means that the CPTPP, outside of the suspensions, contains the full market access commitments and rules from the original TPP.

As you will have seen from the list of the 22 provisions suspended, they are mostly focused on intellectual property and investor-state dispute settlement issues; these address many of the concerns of Canadians related to the TPP that we obtained through our consultative process. The 22 provisions will be suspended indefinitely and will only be brought into force by a consensus among the parties.

The CPTPP also includes a number of side instruments, some carried over from the original agreement and some new. For example, there are binding side letters on culture that Canada secured with each of the other CPTPP countries. The side letters preserve Canada's flexibility to adopt and maintain programs and policies that support the creation, distribution, and development of Canadian artistic expression or content, including in the digital environment. This addressed one of the main concerns addressed by Canadian stakeholders about the TPP.

Canada also secured binding side letters on autos with Australia and Malaysia, to ensure that Canada's vehicle producers can export under preferential tariffs of the CPTPP. As well, Canada secured a binding agreement with Japan that includes important commitments on automobile standards and regulations. This side arrangement with Japan will be enforceable through dispute settlement under international law.

Mr. Chair, given the absence of the United States from the CPTPP, a key difference between the two agreements has to do with the agreement's expected benefits. According to the economic modelling conducted by Global Affairs Canada's office of the chief economist, the CPTPP is projected to increase Canada's GDP by $4.2 billion by 2040. This amount is greater than the $3.4 billion in GDP gains that were projected under the original TPP agreement that included the United States, in part because of improved market access for Canadian businesses and producers to such key CPTPP countries as Japan in the absence of U.S. competition.

In terms of next steps, the CPTPP parties are now in the process of carrying out their domestic implementation and ratification procedures. The agreement will enter into force 60 days after six countries have notified the CPTPP depository, which is New Zealand, of the completion of the domestic ratification procedures. Canada is working expeditiously to complete its own domestic implementation and ratification procedures, including the drafting of the implementation legislation, which will be tabled once this bill is completed.

In conclusion, Mr. Chair and committee members, as Minister Champagne has often said, trade is done over decades, so it's important to get these deals right. The CPTPP is an important agreement for Canada that will bring significant benefits for Canada over the longer term.

Thank you very much. That concludes my opening statement.

My colleagues and I would be very pleased to take any of your questions and comments.

● (0900)

The Chair: Thank you, sir, for your introduction to your colleagues, and also for a very good introduction or description—it's even good for someone like me—in layman's terms.

We're going to go right to dialogue with the MPs.

We have Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you all for what you've done here. I think this is really good. I have some questions and a few concerns, but overall I think we're generally fairly happy to see what you've negotiated.

There are a couple of things I'm going to ask you about concerning the differences. I don't want to go into what was originally negotiated, because we would be here for hours. We've already beaten that one to death, if you'll excuse my language.

You talked about changes in investor-state dispute settlement. Now, if I'm an investor in one of these countries and they nationalize my product, what's my recourse? How do I go about seeking recourse in that situation?

Mr. Bruce Christie: The obligations under the agreement on investor-state dispute settlement have not changed. Any citizen of a country can take a dispute through the investor-state dispute settlement process.

The only difference in the new agreement is that, as driven by the United States, the original TPP allowed for the investor-state dispute settlement mechanism, or the ISDS provisions, to extend beyond the trade agreement itself into other investment authorizations and investment agreements that were signed—investment contracts, authorizations, as well, that were subject to the Investment Canada Act. We suspended those provisions, so the ISDS will no longer extend to include those investment authorizations and investment agreements. They'll be purely limited to the actual trade agreement itself.

Mr. Randy Hoback: You talked about the 22 provisions that are suspended, and you said you need consensus.

Is that the consensus of all countries, just the first six or first eight, or the number of countries that have ratified the agreement at that point in time?

Mr. Bruce Christie: It's a good question.

When we originally were discussing this provision and the proposed suspension, there were clearly a few members around the table whose primary interest was to see the United States return to the CPTPP, or to the TPP. They felt that we needed to set up an environment to facilitate the U.S. to come back. In terms of suspending those provisions, some wanted those provisions to return automatically if the U.S. were to decide that it was returning.

What we negotiated was an outcome that requires the consensus of all parties, to make sure that—

Mr. Randy Hoback: So all parties have to agree

Mr. Bruce Christie: All parties have to agree, not just parties that have ratified the agreement, but all parties to the agreement.

Mr. Randy Hoback: You're saying that even parties that haven't ratified would have a say in this.

Mr. Bruce Christie: That's unclear.

If the United States were to come back, with seven countries having ratified the agreement, whether the non-ratifying countries would be a part of that discussion—

Mr. Randy Hoback: I'm going to have to move on because I have lots of questions.

Mr. Bruce Christie: —to be honest with you, that's still an open question.

Mr. Randy Hoback: I do apologize. We get only five minutes and I have lots of questions.

In Japan, you had the deal done, and then our Prime Minister didn't show up. What was the issue that he was holding out on? Looking at it, the only thing I can see is culture. What was his reasoning for not being at that signing ceremony?

I don't want you to get into the politics of it; I just want to know the reason that he thought this wasn't good enough. What was the issue?

Mr. Bruce Christie: I was there on the ground in Da Nang, Vietnam, and I can tell you that the Prime Minister of Canada was not a no-show at that meeting. There was a misunderstanding. He had a bilateral meeting with the Japanese Prime Minister, during which he explained that Canada was not ready to announce a conclusion of negotiations. We felt that some countries were rushing to the finish line when there were a number of key issues outstanding, like culture, like our autos dispute settlement mechanism with Japan.

We had an autos agreement with Japan that had not been concluded at the time of Da Nang. In our view, we had made significant progress on the core elements of the agreement, but we had not concluded negotiations. Canada decided that this was not the time to announce a conclusion of negotiations, that more work had to be done.

● (0905)

Mr. Randy Hoback: As we look at NAFTA being negotiated right now, if the U.S. does come into the TPP, it will supersede whatever is negotiated today in NAFTA.

Is that fair to say?

Mr. Bruce Christie: The CPTPP rules and provisions apply to the 11 parties. The United States is not a party to the agreement.

Mr. Randy Hoback: But if they join, I am assuming.... Say they decide that they're going to join next year, and Trump has also hinted at that. We just negotiated NAFTA.

All of a sudden what we've done in NAFTA is no longer relevant, is it not?

Mr. Bruce Christie: No, that's not the case.

We often have overlapping trade agreements. Countries have an option to abide by the rules—by one or the other. In the case of NAFTA, for example, the rules of auto trade, the rules of origin on autos, would be governed by the NAFTA agreement, not by the TPP agreement.

The Chair: Thank you.

We're going to move over to the Liberals.

Mr. Dhaliwal, you have the floor for five minutes.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you to the presenters.

My questions go to you, Mr. Christie.

You were mentioning about the U.S. getting in at a later stage, and talking about the consensus. I would like to know more.

What incentives will the U.S. have, when we have unanimous say or consensus within all parties to have decisions made? The U.S. will not have any say, and Canada will have exactly what we want to do in there.

Mr. Bruce Christie: We will treat the United States, if it indicates a serious interest to accede to the CPTPP, as we would any other potentially acceding country. There's no special fast track for the United States' accession. We would meet as a group to explain to any potential acceding party that it has to meet all of the terms and conditions of the agreement in order to accede, without exception.

In the case of the United States, I would say that the majority of parties—perhaps not the majority, but a significant number of the parties that have ratified the agreement at that time—will have to make a decision as to whether the suspended provisions would be lifted in order for the United States to join the agreement. That decision would have to be made.

My assumption is that if the United States were to indicate to us that it wants to return to the agreement, not only would it want us to lift the 22 suspended provisions, but I'm sure that it would also ask for more concessions on the part of the 11 parties, so that would become a negotiating process with the 11, with the United States.

Mr. Sukh Dhaliwal: Thank you.

You mentioned these side letters for culture and autos. How about the environment? Is that a particular issue because that's also an issue among certain Canadians? Has that been addressed, and if it has been addressed, how would it differ from other agreements that we have signed with side letters for the environment?

Mr. Bruce Christie: We made a conscious decision at the outset to not reopen the text of the agreement, and specifically to not reopen market access. Our collective belief was that if we started to open up the texts and the market access provisions, the whole process would unravel.

Similarly, we had a very ambitious, robust environment chapter already negotiated. The environmental provisions in the CPTPP are subject to the dispute settlement mechanism. Therefore, they are binding and enforceable commitments. We didn't feel the need to add any side letters related to environment, given the ambitious nature of the chapter itself.

Mr. Sukh Dhaliwal: You mentioned the side letter with reference to autos for Australia and...there's another country.

Mr. Bruce Christie: Malaysia.

Mr. Sukh Dhaliwal: Malaysia. How would the auto industry proceed?

Mr. Bruce Christie: In the original agreement, we would have been able to meet the 45% rule of origin for the value of an automobile, given that a significant number of parts sourced from the United States would be counted in a Canadian-made vehicle. Without the United States in the agreement, we could not meet that 45% threshold in all cases.

We looked at the countries with which we already had a free trade agreement and, therefore, had duty-free access. Then there were three other countries, including Japan, that had a most favoured nation tariff of zero. Aside from those countries, there were three that had prohibitive tariffs: Australia, Malaysia, and Vietnam.

The side letters we were able to negotiate and sign with Australia and Malaysia basically provide us with more liberal rules of origin, given the fact that we would not have been able to meet the 45% threshold to sell cars in their markets duty-free. In the case of Malaysia, there is a 30% auto tariff. In Australia, it's much lower.

Even though these are not, at present, key export markets for Canadian vehicle manufacturers, we wanted to ensure there was a level playing field and that they had access to those markets on a duty-free basis.

● (0910)

Mr. Sukh Dhaliwal: Thank you.

The Chair: We're going to move over to the NDP.

Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey (Essex, NDP): Thank you for being here today.

I would like to pick up on that thread about the side letter and, in particular, on auto. It's no surprise to any of you sitting here that auto's quite unhappy with this deal in our country, aside from Japanese auto, I would say. The CVMA, the Detroit Three, APMA, and Unifor have been outspoken about the risks and losses. I come from Ontario, from the auto capital of Canada down in Windsor-Essex, so it's of grave concern to us that this deal has been signed now.

When you talk about the manufacturing sector, in the original analysis that came out from GAC, there was an acknowledgement that it would harm this sector. Then with regard to the continuation on to what we see in CPTPP with Japan, I think it needs to be noted that for every one vehicle that Canada exports to Japan, Japan exports 900 units to Canada. They are one of the most prohibitive markets in the world to us. It has been said by these groups that the side letters you just mentioned with Malaysia and Australia are insignificant when viewed in this broader context.

My question today really is about the manufacturing sector. How did we arrive at these weakened provisions? Why did we not spend more time at the table to secure a better deal for manufacturing?

Mr. Bruce Christie: As I mentioned a few minutes ago, we had come to the decision that we were not able to reopen the market access provisions of the agreement. The side letters that you referred to with Australia and Malaysia were just intended to level the playing field.

With regard to Japan, yes, the Japanese vehicle producers export a lot more cars to Canada than we export to their market. I think it's fair to put in context the fact that 80% of the Japanese cars sold in this country are made in North America. That's 80%. What we're talking about is the 20% that aren't made in this country that will now benefit from duty-free access.

Ms. Tracey Ramsey: I just want to add that there's actually a number for 2017. From Japan to Canada there were 180,283 vehicles that came. From Canada to Japan there were 162.

Mr. Bruce Christie: Yes, absolutely. We would like to export more cars from Canadian vehicle manufacturers to the Japanese market. The purpose of our side letter was because through our consultations, Canadian vehicle manufacturers explained to us that, since there is no automobile tariff to export into Japan, they're facing non-tariff barriers. In our view the key non-tariff barrier is that Canadian vehicle producers need to build right-hand drive vehicles for that market. Left-hand drive vehicles will not be sold in Japan because consumers won't drive those vehicles.

Some of the non-tariff barriers that Canadian vehicle manufacturers identified to us include dealing with noise and exhaust remissions, financial incentives that the Government of Japan provides only to Japanese auto producers, and other safety standards. Those key issues were identified in the side letter that we negotiated with Japan, and this is the side letter that wasn't ready at the time of Da Nang. That side letter is a binding and forceful instrument, and it will clear the way for Japan to not be in a position to impose those types of trade barriers in the future.

Ms. Tracey Ramsey: Just to be fair, I think that that's quite well documented as being countered from the groups that I mentioned, which have done their own analyses. My question really is, at this point, you've signed us on to this agreement, so what did you attempt to do for the auto industry, for manufacturing, for working people who will be impacted by the negative ramifications of this deal? Was there anything that was thought to be attached to the deal? Was there anything to be negotiated to acknowledge those losses?

Mr. Bruce Christie: As I said, we negotiated and signed those three binding side letters with Malaysia, Australia—

Ms. Tracey Ramsey: I was thinking more about working people and the impact of job losses in the manufacturing sector. Previously there was a package that was being offered under the Conservative government for manufacturing. That seems to have disappeared. Was there any discussion around bringing that back?

● (0915)

Mr. Bruce Christie: We've had no discussion of financial incentives to the auto sector among officials. Those are consultations, I understand, that are ongoing between the government and our automobile sector.

Ms. Tracey Ramsey: Thank you.

My next question focuses around labour. Although this is titled the comprehensive and progressive agreement for trans-Pacific partnership, the labour provisions that were previously achieved with the U. S. and between some of the TPP countries have disappeared. I'm wondering if you could speak to your attempts to ensure that labour is protected and explain why we see these labour consistency plans disappear in the CPTPP.

The Chair: It'll have to be a very short answer, because we only have 15 seconds left in her time.

Mr. Bruce Christie: In my view, we have a very robust labour chapter already. It's the first time that the chapter is enforceable through a dispute settlement mechanism, and it gives parties the ability to impose trade sanctions. The only change we made vis-à-vis labour was relevant to Vietnam, and we gave them some time to bring their labour legislation up to par with the agreement.

The Chair: Thank you.

We're going to move over to the Liberals.

Mr. Peterson, you have the floor.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, everyone, for being with us this morning.

I just want to follow up on the line of questioning on the auto sector. Auto is a big employer in my riding, too. Magna International is based in it. We have thousands of jobs. The auto sector, of course, isn't just the OEMs. It's also, in our case, the tier one suppliers and the tier two suppliers that are throughout my riding. Their response to the new TPP seems to be relatively positive on balance. They supply both Japanese and North American OEMs, so they see an upside to the deal.

However, I just want to take a little step back. I think the numbers that my colleague, Ms. Ramsey, pointed out show the landscape as it is today. There's virtually zero export of autos to Japan absent of this deal. Do you think the new provisions of the deal, including the side letters, will open up the Japanese market to North American manufacturers given the non-tariff barriers that you also spoke about? Do you think there is actually going to be a viable market in Japan for North American producers?

Mr. Bruce Christie: It's a good question.

Right now, upwards of 96% of the Canadian vehicles produced in this country are exported to the United States. It's a choice that our Canadian auto producers make. Our job is to open up the Japanese market, and other markets, for them to benefit from.

What we're trying to do is clear those barriers away. There is no automobile tariff that Canadian vehicle producers face if they choose to export to the Japanese market. We've addressed some of the non-tariff barriers in the side letter and through other areas of the agreement. Once this agreement enters into force, we will be using our trade commission network to make a concerted effort to encourage Canadian vehicle manufacturers, as well as other producers, to access these key markets through our trade commissioner service abroad.

We feel that the market is more open now to Japan. The figures I have are that over the last three years, we've sold on average about 500 cars to Japan. I understand that some of our vehicle producers are in a position to have a more versatile production line where they can convert from a right-hand drive to left-hand drive, and that would open up markets for certain Canadian-made vehicles. We are very hopeful that there will be new opportunities as a result of this agreement.

Mr. Kyle Peterson: Thank you.

You mentioned in your opening statement the binding agreement between Japan and Canada. I assume that's the side letter that we're referring to. It has commitments to automotive standards and regulations. If you look at NAFTA, the auto sector would certainly agree that NAFTA is the gold standard for regulatory compliance with each country, and it's almost seamless going across the border. Some of the safety and health issues are virtually the same on either side of the border.

Are these the types of things in that agreement, or is it more like you said, manufacturing issues like the right-hand drive, and other things like that?

Mr. Bruce Christie: In the original agreement, the United States and Japan negotiated a bilateral annex to the agreement that addressed some of these non-tariff barriers faced by North American auto producers. After that negotiation, Canada negotiated a parallel agreement with Japan. Essentially after the United States left, the agreement was no longer in effect, and that was the purpose of the side letter. It deals with the same issues that were negotiated in the original agreement between Canada and Japan.

The main issues addressed in the side letter are that Japan has agreed to streamline certain testing procedures that provide national treatment for financial incentives under Japan's preferential handling program; Japan will now recognize the United States federal motor vehicle safety standards, including with respect to cars made in Canada; and we've agreed to work together with Japan to promote greater international harmonization of requirements through other multilateral fora. These, along with the noise and exhaust emission certification procedures, for which Canadian-made vehicles will be treated as Japanese vehicles, are all enforceable by a binding dispute settlement.

● (0920)

Mr. Kyle Peterson: A quick question, because I think I only have a few seconds.

In the previous agreement, there were no articles dealing with compensation for any sectors, or anything like that in the agreement itself, were there?

Mr. Bruce Christie: No.

Mr. Kyle Peterson: So nothing has changed on that front. Thank you.

The Chair: Thank you, Mr. Peterson.

That ends the first round. We're going to start the second round with the Liberals.

Madame Lapointe, you have the floor.

[*Translation*]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you very much, Mr. Chair.

Good morning and welcome.

Thank you for being here. We have studied the TPP for more than a year. We now very much appreciate your being here to help us understand the differences between the CPTPP and the TPP.

Earlier, you talked about side letters. Could you elaborate on the cultural exemption? As francophones, the cultural side and everything related to it affects us a little more.

Mr. Bruce Christie: Thank you for the question.

[*English*]

The cultural sector is obviously very important to this agreement as well. We were restricted under the original TPP agreement. We were unable to implement any policies that would be discriminatory against foreign service providers or investors, in terms of developing Canadian cultural content. The other restriction that was in part of the original agreement had to do with restricting foreign access to online programming and the digital requirement. Through the cultural side letter that we signed with all parties, we removed those two restrictions.

At present, we don't implement policies in Canada that are discriminatory against foreign providers, nor do we tax foreign providers over and above what we do to Canadian providers, in terms of funding Canadian content in the cultural environment, but we wanted to maintain that policy flexibility, given the uncertainty of the future in this digital environment. Through the side letters, we now have reserved that right to impose those discriminatory practices, if we feel it is to the benefit of the Canadian cultural community.

[*Translation*]

Ms. Linda Lapointe: Thank you very much.

I know that the side letters were for all the countries. Have the 11 countries signed them?

Throughout our consultations on the TPP, one issue was a bit more contentious. It was about the dairy producers, but more specifically about supply management.

Could you tell us about that issue, but in relation to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Did people react well? What were their reservations or concerns?

[*English*]

Mr. Bruce Christie: The concerns of our supply management industries were that they we were opening the market in the original agreement and we opened the market by providing quotas to be filled for various dairy, poultry, and cheese products, which would lead to a further erosion of the supply management system. We've continued to defend the supply management system in Canada. Through the original TPP agreement, at the time, we had estimated that the market openings we agreed to, as a part of an overall balance of concessions, equated to roughly 3.25% of the annual production of dairy, poultry, cheese, and eggs in Canada. That figure is lower now, with the United States not being part of the agreement.

Yes, we feel that we did hear criticisms by the supply-managed sector, as we do from any sector when we open up the market to more competition. However, we feel that, especially in the initial agreement and given the pressure we were facing from the United States to make more market access concessions in those areas, the overall balance was one that serves all aspects of our agricultural community. As you know, that includes the tremendous export opportunities for our beef, pork, grains, cereals, and oilseed producers as well.

● (0925)

[*Translation*]

Ms. Linda Lapointe: We clearly heard what you just said. Clearly, if the U.S. is not involved, there will be less of a possibility that dairy producers in particular will see U.S. products on the market.

Thank you very much.

[*English*]

The Chair: Thank you, Madam Lapointe.

We're going to move over to the member from Calgary Nose Hill.

Welcome to our committee.

Hon. Michelle Rempel (Calgary Nose Hill, CPC): Thank you, Mr. Chair.

The Chair: It's one of the most exciting, efficient, and productive committees—

Hon. Michelle Rempel: It is exciting. Trade is exciting.

Mr. Kyle Peterson: It's the most exciting.

Hon. Michelle Rempel: Article 18.46 was suspended, but if it was going to be reiterated at some point in the future—and I think that was a provision specifically related to the Americans, since they were kind of pushing for that more than anyone else—right now, my understanding is that we don't have law in Canada that would provide for patent extensions related to delays arising from examination at CIPO. What kind of legislation would Canada have to put on the floor, in order to be compliant with 18.46 in the future?

Mr. Bruce Christie: I don't have the specific answer to that question this morning. I think we would have to make that assessment when we arrive at that point. Concerning patent term adjustment provisions, we've suspended the obligation to enforce delays.

Hon. Michelle Rempel: Would you be willing at some point in the future to table with the committee for our edification an assessment of the potential legislative requirements if the Americans at some point in the future were to re-enter the negotiations and this was something they were interested in, so that we could understand what sort of legislative paving of the way would need to be done to move forward with this?

Mr. Bruce Christie: Sure, absolutely.

Hon. Michelle Rempel: That's wonderful.

Mr. Bruce Christie: This would be something we would have to take on if the United States were to return to the agreement.

Hon. Michelle Rempel: Right. Thank you.

This is a very simple question as well. Do you have any sense of when the government is going to introduce the implementing legislation?

Mr. Bruce Christie: We're working on the implementing legislation right now. It's a fairly onerous process. Our Department of Justice lawyers take the lead in drafting the legal bill, working in consultation with their counterparts in all relevant government departments.

We're making good progress on that work and are hoping to be in a position to table the bill expeditiously.

Hon. Michelle Rempel: Would that be within the next year, pre-election?

Mr. Bruce Christie: I would have to say that's a political decision that will have to be taken. Our job is to prepare the bill so that it's ready to be tabled.

Hon. Michelle Rempel: We're hearing—I'm certainly hearing, as an Alberta MP—that some of our agricultural producers are worried about losing their first mover advantage in the market. Is that something you're hearing as well?

Mr. Bruce Christie: Absolutely.

It's very important to Canada to be among the first six or close to the first six countries that ratify this agreement. We are very closely monitoring what other countries are doing, and it looks at this point as though we could be in a position such that this agreement enters into force by January or February of next year with six parties. Canada is aiming for a similar time frame.

● (0930)

Hon. Michelle Rempel: Okay. The agreement, then, would likely come into force in January, and so we would have to push this thing through the House pretty quickly, I would think, if it were tabled in the fall, to be among the first six. Isn't that correct?

Mr. Bruce Christie: We would certainly have to advance the process expeditiously, and that's what we're doing from our end. Once the bill is tabled, it's in your hands, not in ours, but we're working on our part of the bargain, which is to get the bill to you.

Hon. Michelle Rempel: Indeed. Lord have mercy.

I have a question on the wine and spirit provisions. Have you seen any movements on harmonization among provincial bodies that are responsible for regulating alcohol so as to get ready to come into force with the non-markup provision?

Mr. Bruce Christie: There's nothing specific the provinces and territories need to do to implement their obligations.

Hon. Michelle Rempel: Do we have any sort of enforceability framework to ensure that products are priced equitably, or is that something our partners have expressed concern about?

I'm speaking specifically about markup on Australian and New Zealand wine and spirits.

Mr. Bruce Christie: Well, certainly we have faced challenges by Australian wine producers, New Zealand wine producers, and American wine producers wanting better access to certain markets in Quebec and Ontario and British Columbia, and even, in the Australia case presented to us through the World Trade Organization, including Nova Scotia. Those challenges against Canada's wine distribution and sales systems, however, are being challenged under the World Trade Organization and have nothing to do with this agreement.

Hon. Michelle Rempel: Okay, thank you.

The Chair: We're moving over to Madam Ludwig.

You have the floor.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you, and a very good morning to all of you.

The questions I want to get started on are around the consultations.

Mr. Christie, you mentioned in your brief that the feedback the government received from our consultations formed the basis of Canada's approach in negotiating the CPTPP. Could you share with us the types of consultation, the messages you heard, and how these influenced the negotiations?

Mr. Bruce Christie: Well, just briefly, we consulted throughout the original TPP process. Then, once the agreement was concluded in 2015, and we were in the position to move the agreement towards ratification, we really intensified our consultative process. When we then entered into a phase where we were getting serious about negotiating an agreement without the United States, we did the usual consultative triggers. We posted the *Canada Gazette* notice, and we invited all Canadians to provide comments on what they thought of Canada concluding the agreement of the CPTPP without the United States.

Since then, we've held a series of public consultations. We've held approximately 250 meetings and discussions with over 650 stakeholders comprised of business and non-business organizations, civil society, think tanks, academics, indigenous groups, youth groups, gender-based groups, and various other groups within the general public.

I think that by and large the comments we received were supportive of Canada engaging in this agreement as part of a trade diversification strategy.

Ms. Karen Ludwig: Thank you for that.

May I ask what type of consultation you had with first nations communities?

Mr. Bruce Christie: I think we had three consultations that I recall with indigenous communities. Minister Champagne himself engaged in one such session. I personally was involved in one with indigenous groups at the end of last year, not just on the CPTPP agreement, but also to seek indigenous groups' views on what they thought about a possible free trade negotiation with China, during the exploratory process.

Beyond that, I guess the last one was in November of 2016. We held a round table with the Northwest Territories, which was well attended by indigenous businesses. February 20 of this year was the most recent consultative process we held with indigenous organizations on the CPTPP negotiations.

● (0935)

Ms. Karen Ludwig: Okay. Thank you.

May I also ask, in terms of the consultations that you held, how prepared did you feel Canadian businesses were to venture into exporting through TPP? Did they raise any concerns about the types of products and services that would potentially be imported or exported between those countries and Canada?

Mr. Bruce Christie: Well, it really depends. The answer is yes, certainly. There are gains and costs in any trade agreement. We felt that the end result of the CPTPP provided overall gains and benefits to the broad Canadian economy, including several sectors.

However, we did hear concerns vis-à-vis products from Japan, specifically on autos. As one of the committee members noticed, the perception was that by eliminating our 6.1% auto tariff, we would see more Japanese cars imported into Canada. Our sense is that, moving forward, once our tariff is eliminated, the higher-end Japanese cars that aren't produced in North America will be imported into Canada directly from Japan and will displace other foreign cars from Europe and Korea.

We also heard concerns about opening up our market to some sectors in Vietnam and Malaysia—some of these are emerging market opportunities—but overall we're feeling very optimistic that the benefits of new export opportunities offset losses.

Ms. Karen Ludwig: I'm just going to ask you a quick question. In terms of your consultation with youth, what were some of their concerns or the types of comments they had? We had a group in here just recently, and certainly the environment and climate change were key to the young people who were here.

Mr. Bruce Christie: Absolutely. Those are two areas of focus for the youth groups we consulted with, but beyond that, I think part of it is that it's an educational process. They come at a process, and in some circles there is a perception that trade benefits big corporations and not small producers or SMEs. I didn't participate directly in any of those sessions, but I found the reports I received to be very encouraging because they really want to enter into a dialogue. Yes, labour and the environment are issues that are of vital importance to our youth today, and they wanted to ensure that increasing trade and investment wouldn't do any harm to our labour provisions or our environmental regulations.

Ms. Karen Ludwig: Thanks very much.

The Chair: We're going to move over to the Conservatives.

Mr. Carrie, you have the floor.

Mr. Colin Carrie (Oshawa, CPC): Thank you for being here.

I was interested to note that in your economic modelling, it appears that with the Americans in, there was a benefit of $3.4 billion, but with the Americans out, it was $4.2 billion. It appears, in your modelling, specifically for this agreement, that there's actually a greater benefit of $800 million for Canada, which I think everybody would agree is a good thing.

I want to just dig down a little bit further on the auto and manufacturing sectors. I come from Oshawa, where General Motors is a big employer. I was wondering, comparing the original with the new—and I'm sure you did a cost-benefit analysis—if you did any modelling for job losses. Were there increases or decreases? What would be the job-losses modelling for the old agreement versus the new one, or was that done?

Mr. Bruce Christie: We didn't do any specific modelling out of our chief economist's office on job losses or gains. It wasn't part of the economic model that we ran. We were looking at the effects of trade and investment between our markets as a result of this agreement.

When you increase trade or exports and increase imports at the same time, there will be job losses and gains. What we focused on was what the overall landscape would be. To answer your question, it wasn't part of the economic modelling done by Global Affairs Canada.

Mr. Colin Carrie: Do you have a sense, an opinion on it?

Mr. Bruce Christie: Well, my opinion would be that we have to prepare our exporters and producers to take full advantage of the opportunities in these markets. At this point in time, when we're still working on legislation in order to be part of this agreement, it's very difficult to predict what the future will hold. We're confident that there will certainly be benefits to our economy, as indicated in the GDP growth figures. I'm not in a position to say whether, overall, in 10 years from now, there will be aggregate job losses or job gains.

● (0940)

Mr. Colin Carrie: Okay.

You did mention, and I've heard this quite often, the non-tariff barriers situation. Particularly with Japan, you mentioned the right-hand drive. I've also heard it's the network for the dealers; apparently, one of the reasons is that we don't have the dealers over there.

With regard to non-tariff barriers, the government currently would like to legalize marijuana. The Asian countries are very much against illegal drugs being brought into their countries. Have you even discussed what effect the legalization of marijuana in this country might have in other countries? We've heard from some businesses here that they're really worried, in particular, about the United States. I believe the United States has been somewhat clear that it could be a non-tariff barrier. Is that something you brought up, or no?

Mr. Bruce Christie: To be frank, it wasn't part of this discussion or this negotiation. When or if Canada legalizes marijuana and we have producers who are interested in exporting marijuana to other markets, that will certainly be up to those countries' provisions in terms of whether they would allow for—

Mr. Colin Carrie: I'm not talking about the exportation of marijuana because many of these countries have been clear that they do not want marijuana as a product, that they don't allow it into their country. There are international agreements. I think you're aware that we signed onto three different agreements that we would not traffic or trade in illegal drugs, and marijuana's on that list. I don't believe the government has taken any proactive approach to remove Canada from those agreements, so it's an unknown. The concern is that if people are inadvertently bringing it in, if there are products being shipped, if there's even the smell of marijuana, the dogs at the border can actually stop and slow down trade. Was that something that was brought into the equation, or did you even have that discussion?

Mr. Bruce Christie: We certainly didn't have that discussion in the context of the CPTPP negotiations, and that's outside the area of what I do for a living.

Mr. Colin Carrie: All right. I'm just concerned that it could be another non-tariff barrier.

In my understanding, with the original TPP, pretty much all of the auto companies did sign onto that agreement or factored into the original agreement. Is that right? The Detroit Three were more in tune with that one, considering that was a renegotiation of NAFTA as well.

Mr. Bruce Christie: Do you mean the original TPP agreement?

Mr. Colin Carrie: Yes.

Mr. Bruce Christie: I don't think we've ever received an endorsement from the Canadian Vehicle Manufacturers'...in this agreement, or most agreements, because they are concerned about the impact of eliminating our automobile tariff.

Mr. Colin Carrie: Okay. Thank you.

The Chair: We're going to move to the NDP for three minutes. Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey: Thank you.

I'd like to focus on labour mobility, and specifically the impacts of chapters 12 and 19 on Canada's building trades. There are some really serious concerns about the lack of language requirements. In fact, they've said there are no language requirements under CPTPP, meaning that workers who are on work sites here won't understand signals, safety language, things that are critical to health and safety on any job site.

In chapter 12, it also states that workers wanting to enter Canada must have a post-secondary degree of four years or more of study, but under the CPTPP there's nothing that validates that the training that this person has received meets any provincial standards.

My question is, do CBSA officials have the capacity to be able to check to ensure that these workers will meet our provincial standards?

Mr. Bruce Christie: Once a new trade agreement is entered into force for Canada, part of the implementation, as a result of the implementing legislation and the passing of new legislation into Canada, is that CBSA, among others, will have to be trained to recognize what the new requirements are.

When you change or amend your laws in Canada, all of our inspectors or officials at the border have to be trained in these new requirements.

Ms. Tracey Ramsey: Okay, because it says there is no requirement that migrant workers actually demonstrate the necessary skills to work in Canada. In the implementing legislation will there be a requirement that this is checked?

Mr. Bruce Christie: There's nothing in the implementing legislation at present. We'd have to check in the regulations and get back to you.

● (0945)

Ms. Tracey Ramsey: Okay, we can follow up.

Also, the occupations from the national occupational classification broadly cover positions in the construction industry, including supervisors and contractors. This listing is very vague and needs some updating.

What guarantee do Canadian workers have that those coming into Canada as contractors and supervisors will not actually be workers under a different name?

Mr. Bruce Christie: I have to defer your question. I don't have the specifics to answer your question but we'll be happy to follow up with you.

Ms. Tracey Ramsey: Okay. Thank you.

The other thing is migrant worker wage standards, which likely will have the same response. We're looking for some assurances and safeguards in place to guarantee that foreign workers are being paid what is in their contract with their employer. This is of significant concern. As you can imagine, this is the first trade agreement where our building trades are being impacted in this way, so it's a significant concern to workers on the ground and across our country.

I'm not sure if you can speak to the migrant worker wage standards or the provisions in CPTPP around that.

Mr. Bruce Christie: Again, this was part of the original negotiated agreement. I wish I had the specifics to answer your question today but we'll certainly respond to your questions in writing after this.

Ms. Tracey Ramsey: Thank you.

The Chair: We'll go over to the Liberals.

Mr. Fonseca, you have the floor.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Mr. Christie, and to your team, for your professionalism.

I know that as governments we want to make sure you have all the tools and resources to be able to do your job effectively when we're negotiating these trade agreements. We know we want to get it right, because this agreement will go on for decades to come.

I think back to how this all started and how late the former Harper Conservative government was to the negotiating table. They were one of the last countries to the negotiating table. They left us at a disadvantage and didn't consult well with Canadians—

Mr. Randy Hoback: [*Inaudible—Editor*]

Mr. Peter Fonseca: We're pushing for a deal to get done right away.

Mr. Randy Hoback: You don't know what you're talking about. He doesn't know what he's talking about.

Mr. Peter Fonseca: Because we had the opportunity to consult with Canadians, and we elongated this process and we're getting it right, that gave us an advantage, then, when the United States decided not to join the agreement. Now we were in an advantageous position to be able to push forward with some of the progressive elements we wanted within the TPP that became the CPTPP.

Can you speak to that?

Mr. Bruce Christie: Sure. In terms of the progressive elements, according to our progressive trade agenda, we had limited options available to us when we commenced negotiations to suspend the provisions. We attempted to build consensus to add new chapters on trade and gender. We looked at opportunities to highlight the benefits to indigenous peoples, but there were already, in terms of labour and the environment and SMEs, three robust chapters in the original agreement so we felt we had those progressive elements well in hand.

We weren't able to build consensus among the remaining 10 parties to negotiate additional chapters in our progressive trade, specifically in gender—

Mr. Peter Fonseca: Can I speak to that?

There was so much anxiety by auto with regard to this deal. That's because the United States had signed side letters earlier, before Canada even came to the table. That chapter was closed, so we would not have that opportunity. By this process going on for a longer time, we were able to then get some of those side agreements done that were more advantageous to Canada, and to address some of those anxieties that we were hearing from many witnesses who came here to our committee.

Is that correct?

Mr. Bruce Christie: Yes. That's right.

I was just going to finish my thought.

What we did try to do is advance our progressive trade agenda and incorporate progressive elements into the agreement. We managed to do that by incorporating progressive elements into the preamble of the agreement. We attempted to sign side declarations with all members, one on the importance of ISDS and the benefits in there.

We also signed or announced a declaration on progressive and inclusive trade. We were only able to bring two other countries on board, Chile and New Zealand, but we used those vehicles and any other vehicles at our disposal to highlight the importance of progressive trade elements moving forward.

● (0950)

Mr. Peter Fonseca: If the United States now were to renegotiate and look to get into the new CPTPP, would we see Canada now in a much better position than it would have been if had signed on to the TPP as it was in its original state?

Mr. Bruce Christie: Absolutely. As indicated earlier, we will benefit from what we call a first-mover advantage, particularly in the Japanese and other markets, to get a foothold in areas in agricultural sectors for products like beef, pork, and grains. This is a market that we have not been able to penetrate in the past because of the high barriers, but without the United States in the agreement, we will benefit from getting more of a foothold in these markets before the United States decides, if it decides, to come back to the group. That's still unclear at this time.

Mr. Peter Fonseca: I'm a neophyte to these kinds of big trade agreements, being that I just joined this committee two years ago. What I'm seeing is the approach that we're taking. A steady approach —doing our homework, doing the analysis, consulting with Canadians, looking at putting in these progressive elements—would seem to be the right approach going forward with what we're doing with NAFTA, and what we're doing with other agreements around the world.

The Chair: Give a quick answer, please.

Mr. Bruce Christie: Absolutely. That's our feeling. Over the last, I would say, two years or so, we have been trying to advance our progressive trade agenda. It has not been easy. Some parties feel that progressive issues, although important, don't rest in trade agreements. They are not open-minded in that regard.

We've had successes, and we're continuing to open minds around the world among our trading partners.

Mr. Peter Fonseca: Thank you.

The Chair: We're going go to the third round. We're just going to have five minutes for each party.

Mr. Hoback, you seem to be pretty anxious to say a few words. We're hoping it's questions and not statements.

Go ahead, sir.

Mr. Randy Hoback: Thanks, Mr. Chair.

Again, we're looking for co-operation with the Liberal Party to help them get this through fast, but we're not seeing it, so I guess I have to clear the record up on what was said in the past, and what's done for.

I can remember when I chaired the committee. We went around and had meeting after meeting. In fact, we have some witnesses in the audience here who probably testified four times in front of our committee by the time you added all the consultations in.

For him to say that they weren't properly consulted.... The reality is that their consultation was actually a stalling tactic to not ratify the existing agreement. When the U.S. pulled out, they didn't think that they wanted to do anything. It wasn't until there was pressure from other countries to come back to the table that we came back to the table. Then they had to put their own twist on it, so they called it a progressive trade agreement, and they threw all these progressive things at it, which I understand you took to the table, and you tried very hard to sell those progressive agreements.

What was the reaction of the people who you tried to sell them to?

Mr. Bruce Christie: I think the initial reaction, to be fair, was that Canada was bringing new issues to the table. We agreed that we wouldn't reopen the text and that we wouldn't reopen existing chapters or add new chapters.

I think we were able to make certain progress in advancing our progressive trade chapter. I can tell you, having been at the table, that I worked, along with my team, very hard to advance some of these issues.

Mr. Randy Hoback: But you just said yourself that most countries felt that the progressive side doesn't belong in trade agreements. For example, Australia says that, yes, it does a trade agreement, and it looks at the progressive side of things through its NGOs. It does it through NGO funding to make sure that it actually achieves the targets it set out to achieve.

Isn't that more of a preferential response to these types of situations, rather than holding your whole commerce at stake based on culture or—I don't want to say it's diminished anything—based on a political agenda of one party?

Mr. Bruce Christie: Well, we didn't see it that way. We were trying to demonstrate the need, particularly after the U.S. left the agreement. Obviously the TPP was met with toxicity by some parties around the world, by interest groups. We felt that it was the view of some groups that they weren't benefiting from free trade agreements. What we were trying to do was to stop and reflect on making the benefits of a trade agreement open to everyone in our society.

We did face resistance, but I think the initial resistance was because they didn't want to change anything. It had less to do with the actual items that we were proposing. Beyond that, I think we did make some success in the limited amount of time we had, and we probably could have made more if we were operating under a different negotiating environment.

● (0955)

Mr. Randy Hoback: With the environment being the U.S. presidential situation and his views on trade agreements, the TPP and that whole scenario, one might say that changes the whole atmosphere around trade agreements right across the world.

You talked about consensus, and you said you were unclear on the amount of consensus required before the U.S. can come back into the deal or any of these 22 side deals or provisions that were suspended.

You said you needed consensus by everybody, and I asked you, consensus from those countries that ratified or consensus of those that were part of the negotiation? You said that is unclear. Therefore, what is it?

If we're not part of the first six countries and they decide that they are going to allow the U.S. in carte blanche, with no negotiations, the way it is, Canada would effectively not be at the table. Is that not fair to say?

Mr. Bruce Christie: Not necessarily. We haven't clarified that point yet. At present—

Mr. Randy Hoback: How can you say you haven't clarified it? What is there left to clarify? You must have a succession plan. You must have an idea of what that looks like for other countries to come into the agreement. If China showed up tomorrow and knocked on the door and said, "Hey, we like this, we want to join," what's the process?

Mr. Bruce Christie: We haven't established that yet.

Mr. Randy Hoback: You haven't established that yet.

Mr. Bruce Christie: No. We're starting this summer. We have a meeting to begin the process to finalize what the frameworks, rules, and procedures will be for future accessions, but we did not finalize that.

Mr. Randy Hoback: How do you bring forth ratification legislation with that not being defined?

Mr. Bruce Christie: Our focus is on bringing the existent agreement into force among the 11 parties. By the time the agreement enters into force, we will have concluded our discussions.

Mr. Randy Hoback: Then we'll need new legislation if the U.S. wants to join the agreement somewhere down the road. Is that fair to say?

Mr. Bruce Christie: No, not necessarily. We're setting up the rules for engaging with other countries, but we won't necessarily have to return to Parliament for approval of those rules and procedures.

Mr. Randy Hoback: Okay, so if another country outside the U.S. wants to join and we say, "Whoa, we don't like their progressive elements or the lack of progressive elements in their country," how do we deal with that as a Parliament? They say, yes, they're joining, and we say, "Well, wait a minute; we don't agree." How do we have that say?

Mr. Bruce Christie: We do have a say, because once this agreement enters into force, accession decisions have to be agreed to by consensus. Thus, Canada—

Mr. Randy Hoback: Parliament won't have a say.

Mr. Bruce Christie: The Government of Canada will have a say.

Mr. Randy Hoback: But not Parliament.

Mr. Bruce Christie: I can't preclude that. I'm looking at various scenarios right now where the countries that have expressed interest in joining are countries such as the United Kingdom, Colombia, Thailand, and Indonesia. With certain countries or economies such as Taiwan, they've expressed an initial interest in coming. However, the 11 of us, or whomever has acceded to the agreement at that time, would have to sit down and have a discussion first among ourselves as to whether we feel that a member or an economy such as Taiwan should be admitted to the group before.....

Mr. Randy Hoback: That comes back to my point that the earlier we ratify, the more control we have over what happens with this agreement moving forward. Is that not fair to say?

The Chair: Mr. Hoback, you're well over time. It was a very good question, so we let it go to six minutes.

We're going to move over to the Liberals now. Go ahead.

Mr. Kyle Peterson: I have one question. I'll just preface it by saying, whether it's a Conservative or Liberal government, the Government of Canada has proven a commitment to trade throughout its history. It has been a pleasure working with members from all parties around this table to get the trade deals and the review of the trade deals that we've had to do in our two years on this committee. It's nice to see that non-partisan approach continuing for the most part.

I'm going to talk a bit about your economic modelling. Global Affairs Canada did some modelling that showed, in 20 years, Canada's GDP rising by $4.2 billion, which is obviously greater than the $3.4 billion that it would have increased if the U.S. were in the agreement. I'm referring to the numbers from your brief this morning.

Regarding the GDP growth of $4.2 billion in 20 years, I don't know if anyone here is an economist or has the answer, but if you see growth of that size, would that usually be accompanied by job losses or job gains?

Mr. Bruce Christie: I'm not an economist either, but I think if you look at such a significant increase to our GDP, depending on the sector, it would typically imply job gains.

Mr. Kyle Peterson: Okay, that's what I wanted to clarify.

Madam Ludwig, I believe, has a question.

Ms. Karen Ludwig: Mr. Christie, you mentioned you were discussing the benefits of trade through your consultations. What resonated with the opposing groups on the benefits of trade?

● (1000)

Mr. Bruce Christie: I think some of the concerns we heard had to do with the size of other economies that would have access to our market—Japan, among others—and maintaining our own competitiveness, faced with increased competition from other countries. I think it had more to do with a sector basis; we discussed autos. In the area of supply management industries we were opening up to competition or to exports from new countries for the first time by allowing countries like Australia and New Zealand to access dairy and cheese quotas.

Ms. Karen Ludwig: Okay, thank you.

[*Translation*]

Ms. Linda Lapointe: I will continue along the same lines. Earlier, you mainly mentioned concerns about Japan's auto market. You also talked about Malaysia and Vietnam, but you did not elaborate. I would like to hear what you have to say about that, since you have only touched on the issue.

[*English*]

Mr. Bruce Christie: Related to the auto sector?

[*Translation*]

Ms. Linda Lapointe: It was mainly the concerns about Malaysia and Vietnam. You started talking about Japan, then you touched on Vietnam and Malaysia, but that was it.

[*English*]

Mr. Bruce Christie: The concerns we had heard were that markets in Malaysia and Australia are not accessible to Canadian vehicle manufacturers to benefit from the tariff reduction. In other words, in a country like Malaysia, that has, I believe, a 30% automobile tariff, if a Canadian vehicle manufacturer wanted to export a vehicle to the Malaysian market, to benefit from the duty-free or 0% tariff, it would have to meet the rule of origin that demonstrated that 45% of the value of the Canadian-made car was sourced from parts within the CPTPP region.

In our estimation, our auto producers could not meet that 45% threshold without being able to count U.S. parts in the agreement. U.S. parts no longer count because the U.S. is not a party to the agreement. Therefore, we felt we were being put at a disadvantageous situation—punished if you will—because the United States opted to walk away. We negotiated that rule of origin in the final days of the TPP negotiation, based on the integration of the North American market. Our concerns were, even though today, those aren't commercially significant markets to our vehicle producers, we wanted to ensure those markets were open to them.

[*Translation*]

Ms. Linda Lapointe: Thank you.

[*English*]

The Chair: Okay, we're going to wrap this up with the NDP.

Go ahead, Ms. Ramsey.

Ms. Tracey Ramsey: Thank you so much.

The economic impact analysis shows $4.2 billion in 22 years by 2030; $4.2 billion, ironically, is the amount of GDP that Canada generates every day. We're talking about one day over 22 years that we will have this agreement. I just want that on the record because I think it's interesting.

The second thing I'd like to talk about is this progressive element. We know the preamble is non-binding, regardless of the progressive elements that are referenced there. In the environment, the words "climate change" are not even used in the agreement. I don't know how that can be labelled progressive, to be quite honest, given our Paris commitments and where we need to go.

We agreed to maintain the original labour text that is based on the U.S. template, which has been proven ineffective in trade tribunals.

Canada knew this text was useless, but we didn't change it. Why did we not attempt to change it, and how on earth is this progressive?

Mr. Bruce Christie: We did try to change it but the problem was from the outset we agreed to these rules that we would not reopen the text. No other party would agree to reopen and renegotiating text because if you started to do that, all the text that had been carefully negotiated and agreed to would be reopened, and we wouldn't be sitting here today.

● (1005)

Ms. Tracey Ramsey: Would that not have been worth it, though, to Canadians who have significant concerns about the TPP, to reopen it, to do something more comprehensive, more progressive?

To be honest, in the middle of the NAFTA negotiations, we were hit with this. There are many sectors across our country who feel a bit blindsided by that process. If it had been reopened fully, I believe it would have given an opportunity for those concerns to be heard and potentially addressed.

Mr. Bruce Christie: Our starting point was that we felt it was already a robust chapter. It was subject to dispute settlement—

Ms. Tracey Ramsey: You know that's not enforceable.

Mr. Bruce Christie: No, I don't know that.

Ms. Tracey Ramsey: Well, with the Guatemala decision, we know the text that's included there is not enforceable.

Mr. Bruce Christie: Maybe I'll let my colleague answer that question on the Guatemala case, but that interpretation by that specific panel came after the agreement was concluded.

Ms. Tracey Ramsey: Okay, I'll let him answer in one second, but I have one more question that I want to ask you on this progressive element.

My colleague raised the matter of indigenous peoples and consultations with them. I want to ask if you had been directed by the government to obtain free, prior, and informed consent from indigenous people on the CPTPP.

Mr. Bruce Christie: We were asked to continue our consultations with all Canadians, including those who represent the progressive trade element as indigenous groups, and we intensified our consultations with indigenous groups.

Ms. Tracey Ramsey: That didn't answer my question.

Were you directed by the government to obtain free, prior, and informed consent from indigenous peoples?

Mr. Bruce Christie: That's a discussion that I think you should continue to raise at the political level.

We were—

Ms. Tracey Ramsey: I'm just asking about the directions you were given as negotiators.

Mr. Bruce Christie: As negotiators, we were encouraged to intensify consultations with all Canadians, including those who represent the groups most affected by a progressive trade agenda, and including indigenous groups.

Ms. Tracey Ramsey: Okay, so I have to take that as a no.

I'll turn it over to Mr. Bouchard then, if you'd like to respond to the labour provisions.

Mr. Pierre Bouchard (Director, Bilateral and Regional Labour Affairs, Department of Employment and Social Development): Your question relates to this Guatemala case, which means that all obligations have to be demonstrated to be done in a manner affecting trade between the parties. This particular language was in a U.S. mandate, what we called the May 10th agreement of 2007. They had no flexibility on this.

We had concerns. This was not Canada's approach at the time. At the same time—at the table—we had a long discussion on this. The understanding amongst negotiators was that the U.S. said they had this text, but our understanding was that anything trade related would be deemed to affect trade between the parties. This was the interpretation that Canada would take.

Anything that was trade related—all of Canada's agreements have this criteria of trade related—because it was the understanding of the negotiators.... We would take the approach that if anything was trade related, it would be deemed to affect trade between the parties.

Ms. Tracey Ramsey: Given the Guatemalan decision, what we now know is unenforceable, that we won't be able to enforce any of the labour text in there, have there been any further conversations around implementing the legislation in a way that we can address this?

The Chair: A short answer would be good, if there's an answer at all.

Mr. Pierre Bouchard: No, there was no specific discussion.

The Chair: Well, that wraps it up. Everybody had a chance to ask questions.

There are a few unanswered questions. If you want to bring them forward to us, we can relay them to the committee at a later date.

Thank you very much for coming in, and keep up the hard work.

The meeting is adjourned.

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